

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)
WATER DISTRICT FOR AN ADJUSTMENT) CASE NO. 2015-00143
OF RATES)

NOTICE OF FILING

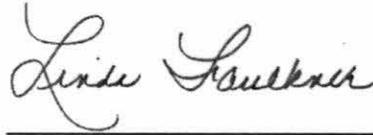
Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on December 3, 2015 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on December 3, 2015 in this proceeding;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on December 3, 2015.

A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at: http://psc.ky.gov/av_broadcast/2015-00143/2015-00143_03Dec15_Inter.aspx. Parties wishing an annotated digital video

recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 4th day of December 2015.

A handwritten signature in cursive script that reads "Linda Faulkner".

Linda Faulkner
Director, Filings Division
Public Service Commission of Kentucky

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| APPLICATION OF NORTHERN KENTUCKY |) | CASE NO. |
| WATER DISTRICT FOR AN ADJUSTMENT OF |) | 2015-00143 |
| RATES |) | |

CERTIFICATE

I, Pamela Hughes, hereby certify that:

1. The attached DVD contains a digital recording of the Hearing conducted in the above-styled proceeding on December 3, 2015. Hearing Log, Exhibits, Exhibit List, and Witness List are included with the recording on December 3, 2015.
2. I am responsible for the preparation of the digital recording.
3. The digital recording accurately and correctly depicts the Hearing of December 3, 2015.
4. The "Exhibit List" attached to this Certificate correctly lists all exhibits introduced at the hearing of December 3, 2015.
5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the Hearing of December 3, 2015 and the time at which each occurred.

Signed this 3rd day of December, 2015.



Pamela Hughes, Notary Public
State at Large
My Commission Expires: April 22, 2019



| Date: | Type: | Location: | Department: |
|-----------|---------------|---------------------------|-----------------------|
| 12/3/2015 | General Rates | Public Service Commission | Hearing Room 1 (HR 1) |

Judge: Jim Gardner; Dan Logsdon
 Witness: Vice President Finance and Support Services Jack Bragg
 Clerk: Pam Hughes

| Event Time | Log Event |
|------------|---|
| 8:44:18 AM | Session Started |
| 8:44:21 AM | Session Paused |
| 8:57:28 AM | Session Resumed |
| 8:57:36 AM | Chairman Gardner Note: Hughes, Pam |
| 8:57:54 AM | Introductions Note: Hughes, Pam |
| 8:58:11 AM | Chairman Gardner Note: Hughes, Pam Note: Hughes, Pam |
| 8:58:39 AM | Chairman Gardner calls for Public comments Note: Hughes, Pam |
| 8:59:05 AM | Atty Hughes-NKWD-calls witness Bragg to the stand Note: Hughes, Pam |
| 8:59:15 AM | Chairman Gardner Note: Hughes, Pam |
| 8:59:37 AM | Atty Hughes-NKWD-direct examination of Witness Bragg Note: Hughes, Pam |
| 9:00:36 AM | Atty Spenard-PSC-cross examintion of witness Bragg Note: Hughes, Pam |
| 9:01:36 AM | Atty Spenard-PSC-cross examintion of witness Bragg Note: Hughes, Pam |
| 9:02:14 AM | Atty Spenard-PSC-cross examintion of witness Bragg Note: Hughes, Pam |
| 9:03:11 AM | Atty Spenard-PSC-cross examintion of witness Bragg Note: Hughes, Pam |
| 9:03:51 AM | Atty Spenard-PSC-cross examintion of witness Bragg Note: Hughes, Pam |
| 9:05:30 AM | Atty Spenard-PSC-cross examintion of witness Bragg Note: Hughes, Pam |
| 9:05:47 AM | Atty Spenard-PSC-cross examintion of witness Bragg Note: Hughes, Pam |

| | | |
|------------|---|---|
| 9:09:15 AM | Atty Spenard-PSC-cross examintion of witness Bragg Note: Hughes, Pam | Last rate adjustment was filed December 2012 in Case No. 2012-00072 |
| 9:10:21 AM | Atty Spenard-PSC-cross examintion of witness Bragg Note: Hughes, Pam | Questioning in current case amount of infrastructure debt service. PSC's 2nd data request, question 4. Schedules of summaries of debt. 2.7 million dollars. |
| 9:12:20 AM | Atty Spenard-PSC-cross examintion of witness Bragg Note: Hughes, Pam | 15% of it's test-year depreciation |
| 9:12:51 AM | Chairman Gardner cross exam of witness Bragg Note: Hughes, Pam | Questions about debt service for year 1 & 2 |
| 9:15:27 AM | Chairman Gardner cross exam of witness Bragg Note: Hughes, Pam | clarification of year 1 and 2 debt service. KIA loan |
| 9:16:04 AM | Atty Spenard to witness Bragg Note: Hughes, Pam | Schedule B, page 10 of PSC's 2nd data request |
| 9:18:12 AM | Atty Spenard to witness Bragg Note: Hughes, Pam | Impact if the district had used the full amount of revenue requirement |
| 9:18:57 AM | Atty Spenard to witness Bragg Note: Hughes, Pam | Referencing the amounts associated with debt service coverage for KIA loans. Asking if the district is seeking to recover thsi in rate increasae? |
| 9:19:42 AM | Atty Spenard to witness Bragg Note: Hughes, Pam | Identify amount of rate request if included 543,000 as well as addtl depreciation (PSC requests this) |
| 9:20:16 AM | Chairman Gardner to witness Bragg Note: Hughes, Pam | Clarification of the 543,000 amount |
| 9:21:25 AM | Atty Spenard to witness Bragg Note: Hughes, Pam | Questioning Witness Bragg if he has an opinion whether or not the exclusion will have impact on future rate requests. |
| 9:22:22 AM | Atty Spenard to witness Bragg Note: Hughes, Pam | Impact on the KIA loan of future rate increases |
| 9:22:52 AM | Atty Spenard to witness Bragg Note: Hughes, Pam | Developiing the construction budget and costs? |
| 9:23:17 AM | Atty Spenard to witness Bragg Note: Hughes, Pam | How do the annual construction cost compare to annual budget costs? |
| 9:25:19 AM | Atty Spenard to Witness Bragg Note: Hughes, Pam | PSC wants Schedule on annual basis 2102, 2013, 2014, and thru June 30, 2015. Budget amounts versus the spending amounts of the 2013 year. |
| 9:26:59 AM | Atty Spenard to Witness Bragg Note: Hughes, Pam | Schedule E, cost of study example |
| 9:27:34 AM | Atty Spenard to Witness Bragg Note: Hughes, Pam | PSC Exhibit 1-Calculation of Customer Charge |
| 9:28:24 AM | Exhibit PSC-Exhibit 01 | |
| 9:29:32 AM | Vice Chairman Logsdon cross exam of Witness Bragg Note: Hughes, Pam | Referencing witness testimony D, line 42 activated carbon. |
| 9:31:33 AM | Vice Chairman Logsdon to Witness Bragg Note: Hughes, Pam | Referencing witness testimony D, line 45, 46 |
| 9:33:13 AM | Vice Chairman Logsdon to Witness Bragg Note: Hughes, Pam | Line 58, stringent local and state policies. |
| 9:34:34 AM | Vice Chairman Logsdon to Witness Bragg Note: Hughes, Pam | Referencing testimony Line 71, Federal and State Regulations |

| | | |
|-------------|---|--|
| 9:35:54 AM | Vice Chairman Logsdon to Witness Bragg Note: Hughes, Pam | Referring to the AMR system |
| 9:36:50 AM | Vice Chairman Logsdon to Witness Bragg Note: Hughes, Pam | Questioning if any GPS system is used when dispatching crews to work sites. |
| 9:37:33 AM | Vice Chairman Logsdon to Witness Bragg Note: Hughes, Pam | Questioning if foresee swithcing to AMI meters in the future. |
| 9:38:49 AM | Chairman Gardner to witness Bragg Note: Hughes, Pam | Referencing Commission Staff's 2nd Data Request, question 20, How would this impact the coverage ratio? |
| 9:40:10 AM | Chairman Gardner to witness Bragg Note: Hughes, Pam | Referencing the Capital budget, exhibit M to application. 5 yr capital budget |
| 9:42:13 AM | Chairman Gardner to witness Bragg Note: Hughes, Pam | Questioning if witness Bragg is familiar with Capital budgets submitted in prior rate cases. |
| 9:43:22 AM | Chairman Gardner to witness Bragg Note: Hughes, Pam | Questions who is responsible for this budget. (Amy Cramner) |
| 9:45:02 AM | Chairman Gardner to witness Bragg Note: Hughes, Pam | Referencing the 91 million budget. |
| 9:46:41 AM | Chairman Gardner to witness Bragg Note: Hughes, Pam | Water quailty for 2015, 2016, amounts. Are projects listed included in this rate case? (Witness Bragg states they are not.) |
| 9:48:16 AM | Chairman Gardner to witness Bragg Note: Hughes, Pam | Referring to debt service and new projects. |
| 9:49:28 AM | Chairman Gardner to witness Bragg Note: Hughes, Pam | Referencing testimony, adjusting rates for 2016, 2017. |
| 9:50:21 AM | Chairman Gardner to witness Bragg Note: Hughes, Pam Note: Hughes, Pam | Questioning about anctipated EPA regs, to comply Needs Post hearing data concerning reguations affecting water 2016, 2017 |
| 9:52:35 AM | Atty Hughes to Witness Bragg Note: Hughes, Pam | KIA debt and depreciation, next rate case anticipating 100% of that test year? |
| 9:53:34 AM | Chairman Gardner Note: Hughes, Pam | Post-Hearing Data Requests: 1. Detailed calculation/schedules for what the rate request would have been had full depreciation and the \$543k KIA debt coverage been included in thsi case. 2. Schedule comparing annual actual versus budgeted construction budgets with an explanation of any year which deviated more than 10% (above or below) 3. Explain the difference in numbers in PSC 1-17 and exhibit B to the cost of service study. 4. State whether there are any new sinificant drinking water regulations forthcoming between now and 2017. 5. Provide the most recent 2008 asset managemnet plan. |
| 9:59:21 AM | Note: Hughes, Pam Chairman Gardner Note: Hughes, Pam | Admits Commision staff's Exhibit 1 into the record. Stating that no one from the public came to make any public comment. |
| 9:59:37 AM | Adjourned | |
| 9:59:42 AM | Session Paused | |
| 10:01:03 AM | Session Ended | |



Exhibit List Report

2015-00143 3DEC2015

Northern Kentucky Water District

Name:

Description:

PSC-Exhibit 01

Calculation of Customer Charge

NORTHERN KENTUCKY WATER DISTRICT

CALCULATION OF CUSTOMER CHARGE

| | | <u>Monthly</u> | <u>Quarterly</u> |
|--|--------------|----------------|------------------|
| (1) Cost Related to Meters | \$ 8,607,059 | | |
| (2) Meter Equivalents X 12 | 1,159,356 | | |
| (3) Cost per Bill - Meter related | | \$ 7.42 | 22.26 |
| (4) Cost Related to Services | \$ 3,304,838 | | |
| (5) Service Equivalents X 12 | 1,108,704 | | |
| (6) Cost per Bill - Services related | | \$ 2.98 | 8.94 |
| (7) Cost Related to Billing and Collecting | \$ 2,731,677 | | |
| (8) Number of Bills | 362,091 | | |
| (9) Cost per Bill - Billing and Collecting | | <u>\$ 7.54</u> | <u>7.54</u> |
| (10) Total Customer Charge (3)+(6)+(9) | | \$ 17.94 | \$ 38.74 |

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